

## **SANDWELL & WEST BIRMINGHAM HOSPITALS NHS TRUST CHARITIES**

### **FUNDS HELD ON TRUST ANNUAL ACCOUNTS 2015-16**

The accounts of the Funds Held on Trust by Sandwell & West Birmingham Hospitals NHS Trust Charities

#### **FOREWORD**

These accounts for the year ended 31st March 2016 have been prepared in accordance with the requirements in the Charities Act 2011 and the Statement of Recommended Practice 2015. (FRS 102)

#### **STATUTORY BACKGROUND**

The Sandwell and West Birmingham Hospitals NHS Trust Charities charitable funds held on trust are registered with the Charity Commission and include funds in respect of the Sandwell and West Birmingham Hospitals.

#### **MAIN PURPOSE OF THE FUNDS HELD ON TRUST**

The main purpose of the charitable funds held on trust is to apply income for any charitable purpose relating to the National Health Service wholly or mainly for the services provided by the Sandwell and West Birmingham NHS Trust

**Statement of Trustee's responsibilities in respect of the annual report and the financial statements**


Under charity law, the trustees are responsible for preparing the trustees' annual report and accounts for each financial year which show a true and fair view of the state of affairs of the charity and of the excess of expenditure over income for that period.


In preparing these financial statements, generally accepted accounting practice requires that the trustees:

- Select suitable accounting policies and then apply them consistently
- Make judgments and estimates that are reasonable and prudent
- State whether the recommendations of the SORP have been followed, subject to any material departures disclosed and explained in the financial statements
- State whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

The trustees are required to act in accordance with the trust deed and the rules of the charity, within the framework of trust law. The trustees are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by the trustees under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. The trustees have general responsibility for taking such steps as are reasonably open to the trustees to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

By Order of the Corporate Trustee

Chairman.....  Date: 24.11.16

Corporate Trustee .....  Date: 24.11.16



## **Independent auditor's report to the Trustees of Sandwell and West Birmingham Hospital NHS Trust Charities**

We have audited the financial statements of Sandwell and West Birmingham Hospitals NHS Trust Charities for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet and the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the charity's trustees as a body, in accordance with section 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2016 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Andrew Bostock,  
**For and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*  
One Snowhill  
Snow Hill Queensway  
Birmingham, B1 4GH

31 January 2017

**Statement of Financial Activities for the year ended 31 March 2016**

	Note	Unrestricted Funds £000	Restricted Funds £000	Total Funds £000	2014-15 As Restated Unrestricted Funds £000	2014-15 As Restated Restricted Funds £000	2014-15 As Restated Total Funds £000
<b>Income and Endowments from:</b>							
Donations and Legacies	2	164	203	367	486	395	881
Other Trading Activities	2	68	30	98	164	0	164
Investment income	6	62	42	104	31	20	51
<b>Total incoming resources</b>		<b>294</b>	<b>275</b>	<b>569</b>	<b>681</b>	<b>415</b>	<b>1,096</b>
<b>Expenditure</b>							
Charitable activities	3 & 4	968	567	1,535	345	323	668
Raising Funds	4	30	29	59	66	0	66
<b>Total Expenditure</b>		<b>998</b>	<b>596</b>	<b>1,594</b>	<b>411</b>	<b>323</b>	<b>734</b>
<b>Net incoming/(outgoing) resources before other recognised gains or losses</b>		<b>(704)</b>	<b>(321)</b>	<b>(1,025)</b>	<b>270</b>	<b>92</b>	<b>362</b>
Other recognised gains and losses:		73	50	122	0	0	0
Transfer of Funds		0	0	0	0	0	0
Gains/(losses) on revaluation and disposal of investment assets		(196)	(117)	(313)	171	110	281
<b>Net movement in funds</b>		<b>(827)</b>	<b>(389)</b>	<b>(1,216)</b>	<b>441</b>	<b>202</b>	<b>643</b>
<b>Reconciliation of Funds</b>							
Total Funds brought forward		3,465	2,802	6,267	3,024	2,600	5,624
<b>Total Funds carried forward</b>		<b>2,638</b>	<b>2,413</b>	<b>5,051</b>	<b>3,465</b>	<b>2,802</b>	<b>6,267</b>

The notes on pages 6 to 18 form part of these financial statements. All income and expenditure is derived from continuing operations.

**Balance Sheet as at 31 March 2016**

	Note	Unrestricted Funds £000	Restricted Funds £000	Total at 31st March 2016 £000	Unrestricted Funds at 31st March 2015 As Restated £000	Restricted Funds at 31st March 2015 As Restated £000	Total at 31st March 2015 As Restated £000
<b>Fixed Assets</b>							
Investments	6	2,849	1,985	4,834	2,662	1,708	4,370
<b>Total Fixed Assets</b>		<b>2,849</b>	<b>1,985</b>	<b>4,834</b>	<b>2,662</b>	<b>1,708</b>	<b>4,370</b>
<b>Current Assets</b>							
Debtors	7	44	1	45	133	8	141
Cash at bank and in hand		48	728	776	882	985	1,867
<b>Total Current Assets</b>		<b>92</b>	<b>729</b>	<b>821</b>	<b>1,015</b>	<b>993</b>	<b>2,008</b>
<b>Liabilities:</b>							
Creditors falling due within one year	8	303	301	604	71	40	111
<b>Net Current Assets/(Liabilities)</b>		<b>(211)</b>	<b>428</b>	<b>217</b>	<b>944</b>	<b>953</b>	<b>1,897</b>
<b>Net Assets</b>		<b>2,638</b>	<b>2,413</b>	<b>5,051</b>	<b>3,606</b>	<b>2,661</b>	<b>6,267</b>
<b>The funds of the charity:</b>							
Restricted income funds	9		2,413	2,413		2,802	2,802
Unrestricted income funds		2,638		2,638	3,465		3,465
<b>Total charity funds</b>		<b>2,638</b>	<b>2,413</b>	<b>5,051</b>	<b>3,465</b>	<b>2,802</b>	<b>6,267</b>

The financial statements on pages 6 to 19 were approved by the Board of Trustees on and signed on its behalf by

Corporate Trustee



Date 24.11.16

**Cash flow for year ending 31st March 2016**

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total at 31st March 2016 £000	Total at 31st March 2015 As Restated £000
<b>Cash used in operating activities</b>	14	(507)	(33)	(540)	634
		<u>(507)</u>	<u>(33)</u>	<u>(540)</u>	<u>634</u>
<b>Cash flows from investing activities</b>	16	62	42	104	51
Interest Income					
Proceeds from sale of investments		714	488	1,202	117
Purchase of investments		(1,104)	(754)	(1,857)	(19)
<b>Cash provided by (used in) investing activities</b>		<u>(327)</u>	<u>(224)</u>	<u>(551)</u>	<u>150</u>
		<u>(834)</u>	<u>(257)</u>	<u>(1,091)</u>	<u>784</u>
Increase(decrease) in cash and cash equivalents in year					
Cash and cash equivalents at the beginning of the year	16	882	985	1,867	1,084
Total Cash and cash equivalents at the end of the year		<u>48</u>	<u>728</u>	<u>776</u>	<u>1,867</u>

**Notes on the accounts****1. Accounting Policies****(a) Basis of preparation**

The Charity is a public benefit entity. The financial statements have been prepared under the historic cost convention, with the exception of investments which are included at fair value.

The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The trustees consider that there are no material uncertainties about the SWBH Charities' ability to continue as a going concern. There are no material uncertainties affecting the current year's accounts.

In future years, the key risks to the SWBH Charities are a fall in income from donations or investment income but the trustees have arrangements in place to mitigate those risks (see the risk management and reserves sections of the annual report for more information).

**(b) Reconciliation with previous generally accepted accounting practice**

In preparing these accounts, the trustees have considered whether any restatement of comparatives was required to comply with FRS 102 and the Charities SORP FRS 102. No restatements were required although there has been a change in the analysis of governance costs and cash and cash equivalents.

**Governance costs: previously, these had been separately analysed on the face of the statement of financial activity. Governance costs are now classified as a support costs and have therefore been apportioned between fundraising activities and charitable activities. There is no effect on the total expenditure for 2014/15 or 2015/16.**

During the restatement of the 2013/14 and 2014/15 Charitable Funds Accounts, the Trust have reviewed transactions and identified a source of income and expenditure that it has assessed is more appropriate to account for in SWBH Exchequer accounts. Whilst an adjustment of costs was previously made, this has been restated in full to best present the substance of the transactions. The income and expenditure for these activities has been removed from the 2014-15 comparators in the main financial statements and Notes 2,4,9,4,14 &16. (See \*\* below)

A summary of the changes for the items above is in the table below.

Reconciliation of reported total expenditure	Expenditure on raising funds £'000	Expenditure on charitable activities £'000	Governance costs £'000	Total expenditure £'000
2015 expenditure as previously reported	13	810	47	870
Adjustment for the reapportionment of governance costs	0	47	(47)	0
Adjustment to Expenditure **		(136)		(136)
2015 expenditure as restated	13	721	0	734

Reconciliation of reported total Income	Income £'000
2015 Income as previously reports	1632
Adjustment for Income **	(587)
2015 Income as Restated	1045

The analysis of support costs, including governance costs, is shown in note 3.

Cash and cash equivalents: previously investments held in a 90 day access savings account had been shown separately on the face of the balance sheet. As

### **(c) Funds structure**

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified as restricted.

Restricted funds are those where the donor has provided for the donation to be spent in furtherance of a specified charitable purpose. SWBH Charities' restricted funds tend to result from appeals for specified purposes.

Those funds which are not restricted income funds, are classed as unrestricted income funds which are sub analysed between designated (earmarked) funds where the trustees have set aside amounts to be used for specific purposes or which reflect the non-binding wishes of donors and unrestricted funds which are at the trustees' discretion, including the general fund which represents the charity's reserves. The major funds held in each of these categories are disclosed in note 9.4

### **(d) Incoming resources**

All incoming resources are recognised once the charity has entitlement to the resources, it is probable (more likely than not) that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

Where there are terms or conditions attached to incoming resources, particularly grants, then these terms or conditions must be met before the income is recognised as the entitlement condition will not be satisfied until that point. Where terms or conditions have not been met or uncertainty exists as to whether they can be met then the relevant income is not recognised in the year but deferred and shown on the balance sheet as deferred income.

### **(e) Incoming resources from legacies**

Legacies are accounted for as incoming resources either upon receipt or where the receipt of the legacy is probable.

Receipt is probable when:

- Confirmation has been received from the representatives of the estate(s) that probate has been granted
- The executors have established that there are sufficient assets in the estate to pay the legacy and
- All conditions attached to the legacy have been fulfilled or are within the charity's control.

If there is uncertainty as to the amount of the legacy and it cannot be reliably estimated then the legacy is shown as a contingent asset until all of the conditions

### **(f) Incoming resources from endowment funds**

The incoming resources received from the invested endowment fund are wholly restricted.

### **(g) Resources expended and irrecoverable VAT**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to each category of expense shown

- There is a present legal or constructive obligation resulting from a past event
- It is more likely than not that a transfer of benefits (usually a cash payment) will be required in settlement
- The amount of the obligation can be measured or estimated reliably.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.



#### **(h) Recognition of expenditure and associated liabilities as a result of grant**

Grants payable are payments made to linked, related party or third party NHS bodies and non NHS bodies, in furtherance of the charitable objectives of the funds held on trust, primarily relief of those who are sick.

Grant payments are recognised as expenditure when the conditions for their payment have been met or where there is a constructive obligation to make a payment.

A constructive obligation arises when:

- We have communicated our intention to award a grant to a recipient who then has a reasonable expectation that they will receive a grant
- We have made a public announcement about a commitment which is specific enough for the recipient to have a reasonable expectation that they will receive a grant
- There is an established pattern of practice which indicates to the recipient that we will honour our commitment.

The trustees have control over the amount and timing of grant payments and consequently where approval has been given by the trustees and any of the above criteria have been met then a liability is recognised. Grants are not usually awarded with conditions attached. However, when they are then those conditions have to be met before the liability is recognised.

Where an intention has not been communicated, then no expenditure is recognised but an appropriate designation is made in the appropriate fund. If a grant has been offered but there is uncertainty as to whether it will be accepted or whether conditions will be met then no liability is recognised but a contingent liability is disclosed.

#### **(i) Allocation of support costs**

Support costs are those costs which do not relate directly to a single activity. These include some staff costs, costs of administration, internal and external audit costs and IT support. Support costs have been apportioned between fundraising costs and charitable activities on an appropriate basis. The analysis of support costs and the bases of apportionment applied are shown in note 3.

#### **(j) Fundraising costs**

The costs of generating funds are those costs attributable to generating income for the charity, other than those costs incurred in undertaking charitable activities or the costs incurred in undertaking trading activities in furtherance of the charity's objects. The costs of generating funds represent fundraising costs together with investment management fees. Fundraising costs include expenses for fundraising activities and a fee paid to a related party, the SWBH. The fee is used to pay the salaries and overhead costs of the hospital's fundraising office.

#### **(k) Charitable activities**

Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the charity. These costs, where not wholly attributable, are apportioned between the categories of charitable expenditure in addition to the direct costs. The total costs of each category of charitable expenditure include an apportionment of support costs as shown in note 4.

#### **(l) Fixed asset investments**

Investments are a form of basic financial instrument. Fixed asset investments are initially recognised at their transaction value and are subsequently measured at their fair value (market value) as at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year. Quoted stocks and shares are included in the Balance Sheet at the current market value quoted by the investment analyst, excluding dividend. Other investments are included at the trustees' best estimate of market value.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors. Further information on the SWBH Charities investments can be found in note 6.

#### **(m) Debtors**

Debtors are amounts owed to the charity. They are measured on the basis of their recoverable amount.

**(n) Cash and cash equivalents**

Cash at bank and in hand is held to meet the day to day running costs of the charity as they fall due. Cash equivalents are short term, highly liquid investments,

**(o) Creditors**

Creditors are amounts owed by the charity. They are measured at the amount that the charity expects to have to pay to settle the debt. Amounts which are owed in more than a year are shown as long term creditors.

**(p) Realised gains and losses**

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening carrying value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening carrying value (or purchase date if later).

**(q) Pensions**

Employees of the charity are entitled to join the NHS Pensions Scheme.

The Scheme is an unfunded, defined benefit Scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The Scheme is not designed to be run in a way that would enable participating bodies to identify their share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contribution Scheme: the cost to the charity of participating in the Scheme is taken as equal to the contributions payable to the Scheme for the accounting period.

The Scheme is a "final salary" Scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last 3 years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in consumer prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

The Scheme is subject to a full actuarial valuation every four years, and an IAS 19 accounting valuation every year. At the conclusion from the 2012 full valuation the Scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay.

The valuation of Scheme liability in accordance with IAS19 is carried out annually by the Scheme Actuary. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website.

**(r) Key Accounting Judgements and estimation of uncertainty**

There are no significant judgements that management has made in the process of applying the Charity's accounting policies. There are no key assumptions concerning the future, nor other key sources of estimation uncertainty which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period

**2. Income from Donations and Legacies**

	Unrestricted Funds	Restricted Funds	<b>Total 2016 Funds £000</b>	Total 2015 Funds £000
Donations from individuals	118	65	<b>183</b>	247
Corporate donations	39	60	<b>99</b>	307
Research	68	30	<b>98</b>	164
Legacies	<u>7</u>	<u>78</u>	<b><u>85</u></b>	<u>327</u>
	<b><u>232</u></b>	<b><u>233</u></b>	<b><u>465</u></b>	<u>1,045</u>
Other - Investment Income	<u>62</u>	<u>42</u>	<b><u>104</u></b>	<u>51</u>
	<b><u>294</u></b>	<b><u>275</u></b>	<b><u>569</u></b>	<u>1,096</u>

### 3. Allocation of support costs and overheads

Once allocation and/or apportionment of overhead and support costs has been made to Governance Costs, the balance is apportioned across Charitable Activities using the same apportionment basis.

<b>Allocation and apportionment to Governance Costs</b>	<b>2016 Total £000</b>	<b>Allocated to Governance £000</b>	<b>Residual for apportionment £000</b>	<b>Basis of apportionment</b>	<b>2015 Total £000</b>
Salaries and related costs	20	20	0	Expenditure	73
Audit fees	9	9	0	Expenditure	9
Software maintenance	0	0	0	Expenditure	10
Other Support Costs	53	53	0	Expenditure	2
	<b>82</b>	<b>82</b>	<b>0</b>		<b>94</b>

<b>Apportionment of support costs across Charitable activities</b>	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2016 Funds £000</b>	<b>2015 Total £000</b>
2 Patients welfare and amenities	12	23	35	23
4 Staff welfare and amenities	15	3	18	15
3 Research	0		0	9
	<b>28</b>	<b>26</b>	<b>53</b>	<b>47</b>

#### 4. Analysis of expenditure on Charitable Activities

	Charitable Activities	Support Costs	Total 2016	Total 2015
	£000	£000	£000	£000
Patients welfare and amenities	982	35	1,017	229
Staff welfare and amenities	497	18	514	262
Research	3	0	3	177
	<u>1,482</u>	<u>53</u>	<u>1,535</u>	<u>668</u>

There were no costs directly incurred on staff during 2015/16

#### 4.1 Analysis of expenditure on Raising Funds

	Unrestricted Funds	Restricted Funds	Total 2016 Funds	Total 2015 Funds
	£000	£000	£000	£000
Fundraising Office	20	19	39	53
Investment Management	10	10	20	13
	<u>30</u>	<u>29</u>	<u>59</u>	<u>66</u>

#### 5. Auditor's remuneration

The auditor's remuneration for the year was £8,700 (2015 £8,700), which related solely to the audit with no other additional work undertaken.

**6 Analysis of Fixed Asset Investments**

	<b>2016</b>	2015
<b>6.1 Fixed Asset Investments:</b>	<b>£000</b>	£000
Market value at 31 March	<b>4,370</b>	4,511
Less: Disposals at carrying value	<b>(1,080)</b>	(2,327)
Add: Acquisitions at cost	<b>1,857</b>	1,905
Net gain (loss) on revaluation	<b>(313)</b>	281
Market value at 31 March	<b><u>4,834</u></b>	<u>4,370</u>
Historic cost at 31 March	<b><u>5,538</u></b>	<u>5,588</u>
<b>6.2 Analysis of investments by type</b>	<b>2016</b>	2015
	<b>£000</b>	£000
Equities	2,750	0
Bonds	936	0
Alternative Assets	940	0
Cash	<u>208</u>	<u>0</u>
	<b><u>4,834</u></b>	<u>0</u>

**6.3 Analysis of gross income from investments**

	Unrestricted	Restricted	2016	2015
	£000	£000	<b>Total</b>	Total
	£000	£000	<b>£000</b>	£000
Total gross income				
Investments listed on Stock Exchange	62	42	<b>104</b>	51
	<u>62</u>	<u>42</u>	<b><u>104</u></b>	<u>51</u>

**All investments are carried at their fair value.**

The main risk from financial instruments lies in the combination of uncertain investment markets and volatility in yield.

SWBH Charities manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes. All investments were made in companies listed on a UK stock exchange or incorporated in the UK and therefore all investments are treated as investment assets in the UK. Restricted appeals to fund specific equipment or assets are held on notice deposit or overnight on the money markets in accordance with the trustees' investment policy.

### 7 Analysis of Debtors

	<b>31 March 2016</b>	31 March 2015
	<b>£000</b>	£000
7.1 Amounts falling due within one year:		
Prepayments	<u>45</u>	<u>141</u>
<b>Total debtors falling due within one year</b>	<b><u>45</u></b>	<b><u>141</u></b>

### 8 Analysis of Creditors

	<b>31 March 2016</b>	31 March 2015
	<b>£000</b>	£000
8.1 Amounts falling due within one year:		
Trade Creditors	<u>604</u>	<u>111</u>
<b>Total creditors falling due within one year</b>	<b><u>604</u></b>	<b><u>111</u></b>

**9 Analysis of Funds**

**9.1 Endowment Funds**

The Charity held no endowment funds at the balance sheet date (£ NIL at 31 March 2016).

**9.2 Restricted Funds**

	Balance 31 March 2015	Incoming Resources	Resources Expended	Transfers	Gains and Losses	Balance 31 March 2016
	£000	£000	£000	£000	£000	£000
<b>Material funds</b>						
A Patients	1,107	96	(341)	0	100	961
B Staff	212	41	(57)	0	22	217
C Research	885	73	(165)	0	78	871
D Helping Hands	9	0	0	0	1	10
E Elderly Care	5	0	0	0	1	5
Total	2,216	210	(563)	0	201	2,065
Other Restricted Immaterial Funds	586	65	(33)		(269)	348
	2,802	275	(596)	0	(68)	2,413

**9.3 Details of material funds - restricted funds**

Name of fund	Description of the nature and purpose of each fund
A Patients Fund	Relief of sickness of patients at SWB Hospitals NHS Trust
B Staff Fund	Relief of sickness by enhancing staff performance
C Research	Investigate/prevent/treat/cure sickness and disability
D Sandwell Childrens Helping Hand	Relief of sickness of children in the Sandwell area.
E Elderly Care	Relief of sickness in elderly people at SWB Hospitals NHS Trust.

**9.4 Details of material designated funds with a balance greater than £75,000 as at 31 March 2016 - Unrestricted charity**

Fund name	Bal B/f '000	Income '000	Exp '000	Transfers '000	Investment Gains/Loss '000	Bal C/f '000
SOBRIETY UNITS	0			250		250
VOLUNTEERS	0		(6)	243		237
NEW EYE HOSPITAL FUND	241	1	(29)			213
DOMESTIC ABUSE	0		(81)	250		169
CHILDREN'S THERAPIES TRUST FUND	212	32	(110)			134
X-RAY DEPT FUND	89		(2)			88
ST. CHADS UNIT OUTPATIENTS FUND	113	37	(50)	(15)		86
PHARMACY RESEARCH FUND	82	5	(3)			84
CHT HEART DISEASE & STROKE TRAINING, EDUC & RES	79					79
E.N.T. UNIT GENERAL FUND	74	1				75
OTHER FUNDS <£75,000 (INCLUDING RESERVES)	2,517	217	(659)	(728)	(123)	1,224
Total	3,465	293	(997)	0	(123)	2,638

**9.5 Transfers between funds**

The transfer between unrestricted funds totalled £0.878m (2014/15 £1.272m) as per instructions from the trustees for the new grant bids.



## **10 Contingencies**

There are no contingent gains or losses included in the accounts (£ NIL 2014/15).

## **11 Commitments, Liabilities and Provisions**

**11.1** The Charity had outstanding commitments at the balance sheet date of £6,989.76 (£ NIL at 31 March 2015)

**11.2** The Corporate Trustee recognises liabilities in the accounts once they have incurred either a legal or constructive obligation to expend funds.

The Corporate Trustee has no provisions at the balance sheet date (£ NIL at 31 March 2015)

## **12 Corporate Trustee and Connected Persons**

During the year no expenses were reimbursed to members of the Corporate Trustee nor did any Corporate Trustee receive any remuneration for their role. (£ NIL 2014/15)

### **13.1 Related Party Transactions**

Sandwell and West Birmingham Hospitals NHS Trust is considered to be a related party. The Sandwell and West Birmingham Hospitals NHS Trust (members of the Corporate Trustee are also members of the Trust Board) had a turnover in 2015/16 of £443,696,678 (446,589,784 - 2014/15 ) with a reported deficit of £4,254,609 (£4,585,833 - 2014/15)

The Charitable funds reimbursed Sandwell and West Birmingham Hospitals NHS Trust £135,537 (£72,000 - 2014/15) for the costs of staff employed by the Trust but working on behalf of the Charities and for the purposes of the Charities.

The Charitable funds has an amount owing to Sandwell and West Birmingham Hospitals NHS Trust of £587,248 at 31 March 2016 (£108,071 at 31 March 2015)

### **13.2 Corporate Trustee Indemnity Insurance**

Corporate Trustee indemnity insurance cover has not been required in 2015/16 (£ NIL 2014/15)

**14. Reconciliation of net income/(expenditure) to net cash flow from operating activities**

	Current year		Total	Prior Year As restated
	Unrestricted	Restricted		
<b>net income/(expenditure) for the reporting period (as per the as the statement of financial activities)</b>	(704)	(321)	<b>(1,025)</b>	362
(Gains)/Losses on investment	0	0	<b>0</b>	331
unrealised Loss on investment	0	0	<b>0</b>	
Dividends and interest from investments	(62)	(42)	<b>(104)</b>	(51)
(increase)/decrease in debtors	90	7	<b>97</b>	(27)
Increase/(decrease)in creditors	169	323	<b>492</b>	19
Net cash provided by (used in) operating activities	<b>(507)</b>	<b>(33)</b>	<b>(540)</b>	634

**15. Apportionment of proceeds/sale of investments**

Apportionment of these values is based on the percentage of the investment portfolio held within Restricted and unrestricted

	Total	%	Current Year		Prior year	
			Unrestricted	Restricted	Total	%
Total Investment portfolio value	4,833				4,370	
Unrestricted	2,872	59			2,662	55
Restricted	1,961	41			1,708	45
Proceeds from sale of investments	1,202		<b>714</b>	<b>488</b>	2,232	
Purchase of investments	(1,857)		<b>(1,104)</b>	<b>(754)</b>	(1,905)	
Total	<b>(655)</b>		<b>(389)</b>	<b>(266)</b>	<b>327</b>	

**16. Analysis of cash and cash equivalents**

	Current year 2015/16			Prior Year 14/15 As Restated		Prior Year 13/14 As Restated
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Bank Account	9	701	710	495	738	871
Cash at Barclays (income)	6	4	10	6	3	36
Cash at Barclays (Capital)	33	23	56	381	244	180
<b>Total cash and cash equivalents</b>	<b>48</b>	<b>728</b>	<b>776</b>	<b>882</b>	<b>985</b>	<b>1,087</b>

# **SANDWELL AND WEST BIRMINGHAM HOSPITALS NHS TRUST CHARITIES**

## **ANNUAL REPORT AND ACCOUNTS OF THE CORPORATE TRUSTEE**

### **FINANCIAL YEAR 2015/ 2016**

#### **Foreword**

This is the Annual Report and Draft Financial Statement of the Corporate Trustee of the Sandwell and West Birmingham Hospitals NHS Trust Charities (the Charity) for the financial year ending 31 March 2016<sup>1</sup>. The Charity's vision is to enhance the experience of all people accessing our services including staff, patients and families. The Trust Charity does this by providing additional facilities, equipment and by supporting innovative projects that enhance the care experience.

The Trust Charity raises income to support:

#### **Infrastructure**

- Improving the Trust's environment and making the capital improvements to facilities.
- Supporting integrated care across the estate of SWBH and allied providers.

#### **Education**

- Supporting the educational development of clinical and non-clinical staff.
- Aims to secure the long term future of health and social care in Sandwell and West Birmingham.
- To support education within the local community.

#### **Innovation**

- Help the Trust to be a leader of innovation, pump priming activities, running pilots and testing out new ideas and technologies for care that enhances outcomes for local people.

#### **Community resilience**

- Support communities to improve their health outcomes, enabling them to provide outstanding, compassionate care independent of statutory providers.

#### **Achievements during the Year**

In December 2015 the Charitable Funds Committee approved the restructuring of the trust charity to simplify its governance arrangements and ensure a more effective means of delivering impact to patients and staff. Specifically the decision was taken to close the linked charities and create a single Trust deed. Advice from the Charity Commission was sought throughout the process. This transition is underway, and will require final approval from the Charity Commission before being implemented.

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<sup>1</sup> the Corporate Trustee is required to produce an Annual Report and Draft Financial Statement in accordance with Part VI of the Charities Act 2011, the Charities (Accounts and Reports) regulations 2005 and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)

It is proposed that a new structure for the Trust Charity will comprise a single General Fund and six Appeals, complemented by a more limited range of themes and funds which are currently being consulted on:

- Community Appeal
- Women & Child Health Appeal
- Medical & Emergency Appeal
- Surgical Appeal
- Research & Development Appeal
- Birmingham & Midland Eye Centre Appeal

The Charity has moved to clarify its arrangements for joint fundraising and promotional activities whereby money raised on Trust property is shared between the Trust Charity and the other external charities for which funds are being raised.

Specific examples of the positive impact the funds from the Trust Charity have during 2015/16 include:

### **Domestic Abuse Tackled in Partnership with Sandwell Women's Aid Partnership**

The Trust Charity's signature investment of £250,000 to address domestic abuse in Sandwell demonstrates its progressive approach to partnership and the challenge of gender based violence. With an estimated 10,000 victims of domestic abuse across Sandwell, this is an issue that cannot be ignored and one that the Trust Charity has to work to address. The partnership with Sandwell Women's Aid does just that offering domestic abuse crisis support within A&E with the deployment of three Domestic Violence Advisors (IDVAs) who work to identify and respond to the needs of victims of violence. These IDVAs conduct comprehensive risk assessments, provide on the spot advice and support, facilitate safety planning and make referrals to agencies such as the Police and Children's Social Care. In addition, they liaise with a part time Information Officer to ensure crucial information flow minimises the risks faced by victims and survivors. All of this informs future programme planning and intervention such as specialist training on domestic abuse across the Trust. Skilling up the wider Trust workforce on the intricacies of abuse is a key part of this comprehensive risk assessment, providing on the spot advice and support, and facilitating safety planning and make referrals to agencies such as the Police and Children's Social Care.

The trust charity also supports the little things that can make such a difference to the care experience of patients and their carers and the capability of staff to enhance that experience.

During the year the trust charity support included:

- New blinds for the conservatory at Rowley Regis Hospital to make a more comfortable environment for patients and visitors
- Comfortable furniture in some clinic spaces, waiting areas and outside environments
- Paying for an event to recognise the contribution of organ donors
- Education and support material for patients with long-term conditions
- Supporting the trust choir who bring joy to patients and staff through their singing on the wards and at events.
- Toys and gadgets for use in our children's services

## **Fundraising**

Individuals, companies, community groups, charitable trusts and more continue to fundraise and donate to the Trust Charity. Tesco, New Square West Bromwich, donated gifts to be raffled in support of the charity and are working with the fundraising team to explore new opportunities and generate more revenue. The relationship with New Square, Centre Management, West Bromwich continues to develop and a highly successful Christmas Grotto saw more than £1,500 raised. A school football competition and gala dinner saw more than £6,000 raised for paediatric and child health care. Organised by Sports Plus, a children's sports and activity provider, the competition took place at West Bromwich Albion and brought together children from across the region, their teachers and coaches.

Enterprising fundraisers Peter Hill enrolled his friends into the pub crawl to end them all – it lasted 28 years and saw more than 16,000 pubs visited. At each stop, the landlord was asked to donate £1.00 to charity. The Black Country Ale Tairsters, as Peter and his friends call themselves generously donated £3,000 to the Trust Charity. The West Bromwich Building Society volunteers worked to decorate the children's ward at Sandwell, making the environment pleasant and fun for these children remaining in hospital over the festive period.

## **The Midland Metropolitan Hospital**

The Trust Charity is to mount a fundraising appeal in support of the Midland Metropolitan Hospital. This will see a charitable funding element added to the capital investment and spend. To this end, the Trust Charity Board is looking to establish a dedicated Midland Metropolitan Appeal Committee and to identify a suitable appeal committee patron and committee chair. In addition, initial work is being undertaken to confirm the appeal case for support and the fundraising target. This is likely to see funds raised in favour of arts, research, heritage activity and community regeneration.

## **Looking ahead**

In the year ahead we will:

- Confirm the Trust charity as a single entity, dissolving linked and associated charities to ensure clarity.
- Continue to refine and develop the Trust Charity's brand, profile and agency, confirming the Charity as one of the region's leading investors in healthcare provision.
- Develop an integrated fundraising portfolio comprising individual, membership and community fundraising activity conducted through the Membership Academy. This will include legacy and a memoriam fundraising.
- Invest in dedicated major grants fundraising aimed at securing signature funding from institutional, government, corporate, large scale and foundation donors.
- Conduct a further grant programme with a Trust wide call for submissions and disbursing up to a maximum of £1m in small and large grants.
- Launch the Midland Metropolitan fundraising appeal.
- Use the platform of the Midland Metropolitan Appeal to develop hi-net worth fundraising programme.
- Ensure fundraising sustainability through investment in experienced and proven fundraising staff.

## **REFERENCE AND ADMINISTRATIVE INFORMATION**

**CHARITY NAME:** SANDWELL & WEST BIRMINGHAM HOSPITALS NHS TRUST CHARITIES

**CHARITY REGISTRATION NO.:** 1056127

**GOVERNING DOCUMENT:** DECLARATION OF TRUST DATED 5 JUNE 1996  
(Amended by Supplemental deed: 5th June 2003)

### **CHARITY TRUSTEES:**

The Charity has a Corporate Trustee, the Sandwell and West Birmingham Hospitals NHS Trust (established by Statutory Instrument in March 2002 under the NHS and Community Care Act 1990). The NHS Trust Board comprises the Chairman, seven Non-Executive members and five Executive members. Non-Executive members are appointed by the NHS Trust Development Agency and the Executive members are all Directors of the NHS Trust and comprise the Chief Executive, the Director of Finance and Performance, Chief Nurse, Medical Director and the Chief Operating Officer.

The NHS Trust Board has devolved responsibility for the ongoing management of funds to a Charitable Funds Sub-Committee of the Board which administers the funds on behalf of the Corporate Trustee. The Committee meets four times a year. Representatives of the Charitable Fund Investment advisors are required to attend the Committee on a twice yearly basis to present appropriate investment reports.

Persons who have acted as agents of the Corporate Trustee at any time during the course of the financial year include:

CLlr W Zaffar MBE (Chair of the Charitable Funds Committee - appointed June 2015)  
Dr S Sahota (stepped down July 2015)  
Mr R Samuda  
Mr Robin Russell (appointed June 2015)  
Ms O Dutton  
Mr H Kang  
Mr P Gill  
Mr M Hoare  
Mr T Lewis  
Dr R Stedman  
Mr C Ovington  
Mr A Waite  
Ms R Barlow

**REGISTERED OFFICE:**

Sandwell and West Birmingham Hospitals NHS Trust  
City Hospital  
Dudley Road  
Birmingham  
West Midlands  
B18 7QH

Telephone: 0121 507 5196

**OBJECTIVES AND STRATEGY**

All Charities must have charitable purposes or aims that are for the ‘public benefit’. This is known as the ‘public benefit requirement’. ‘Public benefit’ is the legal requirement that every organisation set up for one or more charitable aims must be able to demonstrate that its aims are for the public benefit if it is to be recognised, and registered, as a charity in England and Wales. There are two key principles, both of which must be met in order to show that an organisation’s aims are for the public benefit. Firstly there must be an identifiable benefit or benefits and secondly the benefits must be to the public or section of the public. The Corporate Trustee confirms that it has had regard to the Charity Commission public benefit guidance where relevant.

The Charity has a main Umbrella Charity with five Special Funds and a Common Investment Fund registered as subsidiaries of the main Umbrella Charity. The Umbrella Charity is formally known as “**Sandwell and West Birmingham Hospitals NHS Trust Charities**”. The objects of this fund are registered as being:

“To apply the income for any charitable purpose or purposes relating to the National Health Service wholly or mainly for the service provided by Sandwell and West Birmingham Hospitals NHS Trust.”

This main fund is considered to have NHS wide objectives and as such the Corporate Trustee considers this to be for the public benefit and as such complies with the Charity Commissions guidance on public benefit.

The five Special Funds are:

1. **Sandwell and West Birmingham Hospitals NHS Trust General Research Fund**

Objects: “For any charitable purpose or purposes principally (but not exclusively) at or in connection with Sandwell and West Birmingham Hospitals NHS Trust which will further the following aims:

- 1.1 the investigation of the causes of sickness and disability and the prevention, treatment, cure and defeat of sickness and disability in all its forms;
- 1.2 the advancement of scientific and medical education and research in topics related to sickness and disability; and



- 1.3 the furtherance of any other charitable purposes for the relief of persons suffering from sickness and disability in all its forms.

2. **Sandwell and West Birmingham Hospitals NHS Trust Staff Fund**

Objects: "For the relief of sickness at Sandwell and West Birmingham Hospitals NHS Trust by promoting the efficient performance of their duties by staff at the NHS Trust."

3. **Sandwell and West Birmingham Hospitals NHS Trust Patients Welfare Fund**

Objects: "For the relief of sickness of patients who are or have been treated at Sandwell and West Birmingham Hospitals NHS Trust."

4. **Sandwell and West Birmingham Hospitals NHS Trust Healthy Sandwell 2000 Fund**

Objects: "For any charitable purpose relating to the promotion of health in Sandwell".

5. **Sandwell and West Birmingham Hospitals NHS Trust Elderly Care Fund**

Objects: "For any charitable purpose or purposes relating to the National Health Service wholly or mainly for the Sandwell and West Birmingham Hospitals NHS Trust Elderly Care Services".

In addition to these five Special Funds formal approval to establish a pooling scheme for the purposes of investing surplus monies in respect of both the Umbrella Charity and the five subsidiaries was granted by the Charity Commissioners on the 10th June 1998, the objects being "to combine the investments and money belonging to the Charities and representing expendable funds into one pooled fund". This fund is a common investment fund within the meaning of section 24 of the Charities Act 2011 and the Scheme is a common investment fund within the meaning of that Act. The fund is currently registered as "**The Sandwell and West Birmingham Hospitals NHS Trust Charitable Fund (Expendable Fund) Common Investment Fund**".

The Corporate Trustee is also responsible for the administration of the **Sandwell Children's Helping Hand Charitable Trust** on behalf of the former Sandwell Health Authority. The governing document is outlined in a set of rules dated 10 August 1996 and was formally registered with the Charity Commission on 7 January 2004 with the objects being:

"The Authority shall hold the fund on Trust for the following objects for the benefit of children for the time being in the area of the Authority:

1. Medical treatment, nursing, rehabilitation and after-care of children suffering from illness, disease or injuries of any kind (physical or mental);
2. The prevention of illness, disease and injury to children and the promotion of health, including the support of research by financial or other assistance".

The Umbrella Charity, the Special Fund subsidiaries, the Sandwell Helping Hands Charitable Trust and the Common Investment Fund are, for the purposes of Section 3 and 4 of the

Charities Act 2011 [Registration] and Part VI of that Act [Accounting], treated as a single Charity. The Trustee of the Special Trust subsidiaries, the Sandwell Children's Helping Hands Charitable Trust and the Common Investment Fund is the Corporate Trustee of the Sandwell and West Birmingham Hospitals NHS Trust Charities (Umbrella Charity).

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The Charity's unrestricted fund was established using the model declaration of trust and all the funds held on trust as at the date of registration were either included as part of this unrestricted fund or registered as part of separate restricted funds under the main umbrella charity. Subsequent donations and gifts received by the Charity that are attributable to the original funds are added to those fund balances within the appropriate existing Charity.

Generally donors are encouraged to make donations for the widest possible use for ease of spending. During the year 2015/16 where, however, the donor specifies that the donation is to be used for a particular purpose within one of the registered Charities, for example to benefit the patients on a particular ward, then these monies are initially allocated to the "Patient" Charity and recognised in a relevant designated fund to enable the spend to be monitored.

During the year 2015/16, for each of the 350 plus designated funds there are fund manager(s) appointed whose responsibility it is to ensure that the funds are spent accordingly. Under a scheme of delegated authority approved by the Corporate Trustee these fund managers have delegated authority for expenditure, excluding salaries, to spend up to £5,000 per request in conjunction with a nominated representative of the Director of Finance. Requests less than or equal to £20,000 require the authority of the Fund Manager and the Director of Finance; requests less than or equal to £50,000 require the authority of the Fund Manager, Director of Finance and the Executive Director responsible for the requesting department. Any request in excess of £50,000 requires the approval of the Charitable Funds Committee. In the case of any salary expenditure (including on costs) as part of a linked research programme then this will always require the approval of the Fund Manager and the Director of Finance.

This arrangement of an extended range of designated funds is currently under review. It is proposed that there is a general fund and a defined number of appeals and themed funds for donations. These may be complemented by a more limited range of designated funds. These arrangements are subject to on-going consultation.

The Corporate Trustee fulfils its legal duty by ensuring that the funds are spent in accordance with the objectives of each fund and, by designating certain monies within the existing charities, the Corporate Trustee is able to respect the wishes of our generous donors to benefit patient care and advance the good health and welfare of patients, carers and staff.

Non-Executive members of the Trust Board are appointed by the NHS Trust Development Agency (now NHS Improvement) and Executive members of the Board are subject to recruitment by the NHS Trust Board. Members of the Trust Board and the Charitable Funds Committee are not individual trustees under Charity Law but act as agents on behalf of the Corporate Trustee.

Acting for the Corporate Trustee, the Charitable Funds Committee is responsible for the overall management of the charitable funds. The duties of the Committee are to:

- Monitor the safeguarding of those assets donated or bequeathed, in cash or other form, to the Trust’s charitable funds;
- Ensure, as far as is practicable, that the expressed or intended wishes of donors or benefactors are met in the deployment of funds ensuring that the use of funds is for the public benefit having regard for the guidance issued by the Charity Commission;
- Monitor and review the banking, accounting and audit arrangements made in respect of charitable funds;
- Advise on the appointment of investment brokers to provide professional advice on the investment of charitable funds;
- Together with such brokers, recommend the investment strategy for such funds;
- To receive and consider regular reports on income and expenditure from the Trust’s charitable funds, prior to submission and to review the regular investment reports supplied by the Trust’s brokers;
- Monitor standing orders, standing financial instructions and operating procedures in so far as these cover the use of charitable funds within the Trust and, as far as practicable, ensure compliance with those standing orders, instructions and operating procedures;
- Ensure, as far as practicable, that the Trust complies with relevant legislation and formal Department of Health guidance on charitable funds;
- To consider all business cases involving the use of charitable funds prior to consideration by the Trust Board.

The accounting records and the day-to-day administration of charitable funds are dealt with by the NHS Trust Finance Department which is located in Trinity House on the Sandwell General Hospital Site, Lyndon, West Bromwich, B71 4HJ. The NHS Trust levies a charge for providing this service which is reviewed on an annual basis.

## **RISK ASSESSMENT**

The major risks to which the Charity is exposed have been identified and the responsibilities for managing those risks and the control and security systems in place to alleviate these risks are identified in the table below.

<b>RISK</b>	<b>RESPONSIBILITY</b>	<b>SYSTEM / CONTROL</b>
<b>Financial Risk</b>		
1. Investments are not properly safeguarded, resulting in loss of funds.	Director of Finance, Charitable Funds Committee	Monitoring of investments, sound custodian arrangements, professional advice and management of investments.
2. Major assets are not properly safeguarded, resulting in loss or	Secretary to the Corporate Trustee	Insurance arrangements where assets are owned by the charity

<b>RISK</b>	<b>RESPONSIBILITY</b>	<b>SYSTEM / CONTROL</b>
damage.		(not currently applicable).
3. Expenditure is inappropriately high resulting in faster depletion of reserves than approved by the Corporate Trustee.	Director of Finance, Charitable Funds Committee	Regular monitoring and reporting of performance, appropriate authorisation process.
4. Expenditure is inappropriately low resulting in lost opportunities for charitable benefit.	Director of Finance, Charitable Funds Committee	Regular monitoring and reporting of performance, formal plans for utilisation of funds.
5. Expenditure is inappropriate, or inappropriately authorised or not spent for the purposes intended.	Director of Finance	Authorisation of expenditure. Controls on approval of expenditure requests. Consolidation of funds.
6. Income is not encouraged with the result that future expenditure is compromised.	Head of Fundraising, Director of Communications	Guidance on how to make donations and receive grants. Active promotion of the Charity.
7. Income is not appropriated to specific funds in accordance with the intention of the donor.	Director of Finance, Head of Fundraising	Procedures to identify intention of donor and monitoring and control of use of funds.
8. Donated income is not recognised when it is received.	Director of Finance, Head of Fundraising	Provision of adequate cashiering/receipting and accounting facilities in the Trust.
9. Accounting transactions are inappropriately or inadequately recorded.	Director of Finance	Review of transactions recorded and regularly reported to the Corporate Trustee, use of appropriately qualified auditors.
<b>Operational Risk</b>		
1. The charity is not operating within its objectives.	Director of Finance	Authorisation of expenditure, reporting of performance to the Corporate Trustee.
2. The demand for the charity's objectives or services will not be supported by public donations or other income streams in the long term.	Charitable Funds Committee, Head of Fundraising	Production of guidance on giving donations, marketing of the charity and production of annual report to publicise the charity. Consolidation of charity funds.
3. Risk of financial loss/inability to replace items if the charity does not have adequate insurance cover.	Director of Finance	Annual review of insurance arrangements where applicable.

<b>RISK</b>	<b>RESPONSIBILITY</b>	<b>SYSTEM / CONTROL</b>
4. Risks relating to the public profile of the charity, including the charitable objects, the Corporate Trustees, expenditure on management and administration, fraud risk and the quality of services provided by the charity.	Director of Finance	Production of annual report to publicise the charitable activities of the charity and production of statutory financial accounts. Provision of Internal and External Audit services.
5. Management or Corporate Trustee risk in terms of charity sector experience and the level of involvement in the management of the charity.	Chair of Corporate Trustee	Sound induction of members of the Corporate Trustees. Availability of sources of advice on management, financial and legal issues.
<b>Compliance Risk</b>		
1. Risk in relation to VAT, Corporate Tax and PAYE/NI from undertaking non-charitable activities.	Director of Finance	Monitoring of activities being undertaken by fund advisors. Provision of specialist VAT advice.
2. Risk in relation to contravening legislation e.g. Data Protection Act, Health Act, Human Rights, Health & Safety, Employment law etc.	Director of Finance Director of Organisation Development	Registration for Data Protection Act, monitoring of activities being undertaken on behalf of funds.
3. Financial reporting risk in terms of statutory accounts, accounting standards and SORP compliance.	Director of Finance	Sound guidance on completion of statutory returns and regular updates on developments.

The Corporate Trustee is content that the controls described have operated effectively during the year and therefore that the risks outlined have been mitigated.

The most significant ongoing risk to the Charity is the potential losses arising from a fall in the value of the investments held and the level of reserves available to offset the impact of any such losses. These have been carefully considered and there are procedures in place to review the investment policy and to ensure that both spending and financial commitments remain in line with income streams.

### **PARTNERSHIP WORKING AND NETWORKS**

The Charity continues to be a member of the Association of NHS Charities. This organisation is for the larger NHS charitable organisations and ensures that the Charity is kept informed and fully updated on all current and developing issues in relation to charitable funds. Concerns are highlighted and the knowledge shared with similar organisations.

Sandwell and West Birmingham Hospitals NHS Trust is the main beneficiary of the Charity and is a related party by virtue of being the Corporate Trustee of the Charity. By working in partnership with the Trust, the charitable funds are used to the best effect for public benefit. When deciding upon the most beneficial way to use charitable funds, the Corporate Trustee has due regard to the main activities, objectives, strategies and plans of the NHS Trust.

## REVIEW OF 2015/2016 - FINANCES

The Financial information presented below is drawn from the Charity Accounts 2015-16

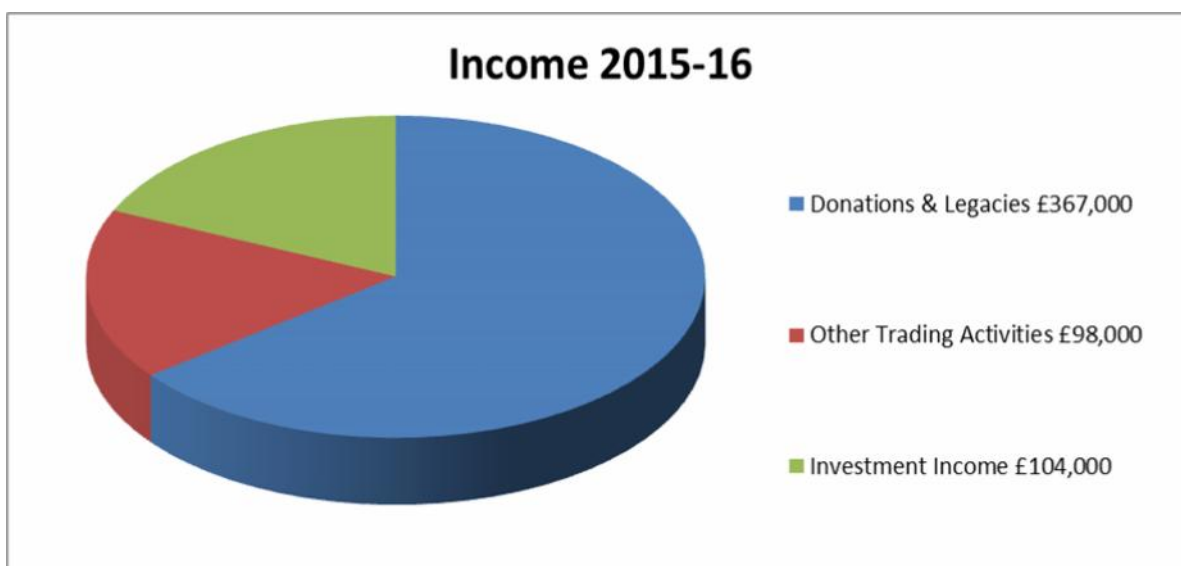
### Income and Expenditure

The table below summarises the overall analysis of the income and expenditure position for 2015/16.

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>OPENING FUND BALANCE (1 April 2015)</b>	<b>3465</b>	<b>2802</b>	<b>6267</b>
<b>ADD:</b>			
Donations / Legacies / Grants and other incoming resources for the year	232	233	465
Interest and Dividends for the year	62	42	104
<b>LESS:</b>			
Expenditure for the year	(998)	(596)	(1,594)
<b>I&amp;E SURPLUS / (DEFICIT) FOR YEAR</b>	<b>(704)</b>	<b>(321)</b>	<b>(1,025)</b>
Investment gains (losses) recognised in the year	(123)	(68)	(191)
<b>CLOSING FUND BALANCE (31 March 2016)</b>	<b>2,638</b>	<b>2,413</b>	<b>5,051</b>

The net assets of the Charity as at 31 March 2016 were £5.051 million (2015: £6,267 million). Overall net assets reduced during the year by £1.216 million.

The Charity received a total of £0.569m from the following sources:-



The past financial year has seen the value of charitable funds decrease as a result of removing a significant restricted charitable fund and placing it into the Trust Exchequer account.

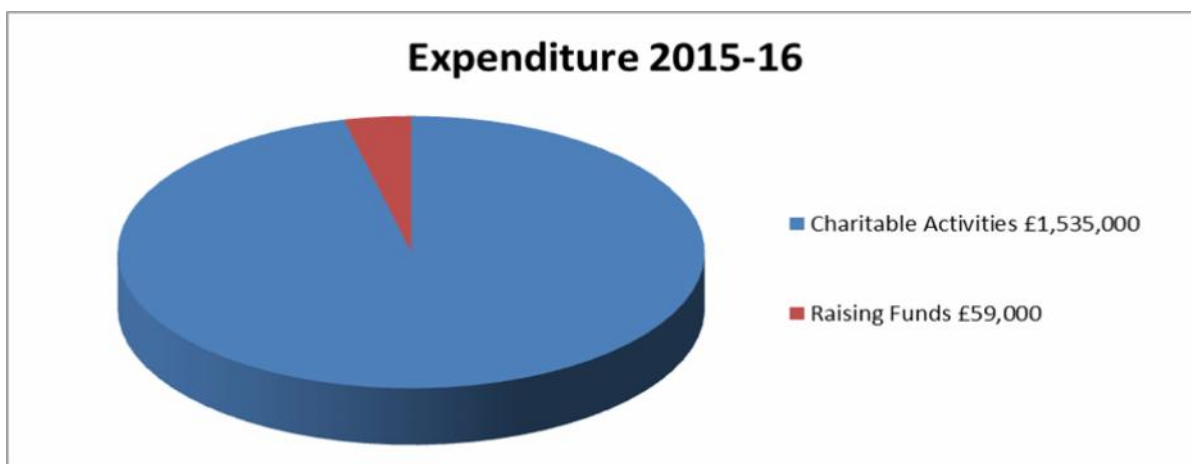
Improvements in the stock market have had some effect on the level of fund balances and a degree of cautious optimism remains for the medium to long term. However, it is recognised that this position can change speedily and dramatically and the Corporate Trustee continues to continually monitor the situation.

The Charity continues to be heavily dependent upon the generosity of the general public, grants from commercial and non-commercial organisations and income from investments held to fulfil its objectives. The considerations given by the public usually represent the excellent standard of care received from the staff of the Hospital whilst they, or a relative or a friend, were being treated in hospital, or to assist the Trust in providing additional facilities and comforts for patients. Grants from commercial organisations are usually given in support of essential ongoing charitable medical research in various clinical areas. The income received from investments (i.e. company dividends and bank interest) is apportioned annually over individual funds based on their proportion of the common investment fund. The resulting income is to be subsequently applied in accordance with the objectives of the fund.

The Charity is grateful to the individuals, families, groups, companies and sponsors who gave so generously of their time & money.



The Charity committed £1.594m during the year to make a difference to the care experience of patients, carers, staff and the local community. The main areas of expenditure were:-



The use of these funds has enabled the Trust Charity to make a real difference to patients, as detailed in our achievement during the year. This included a wide range of signature grants and smaller investments to a number of services.

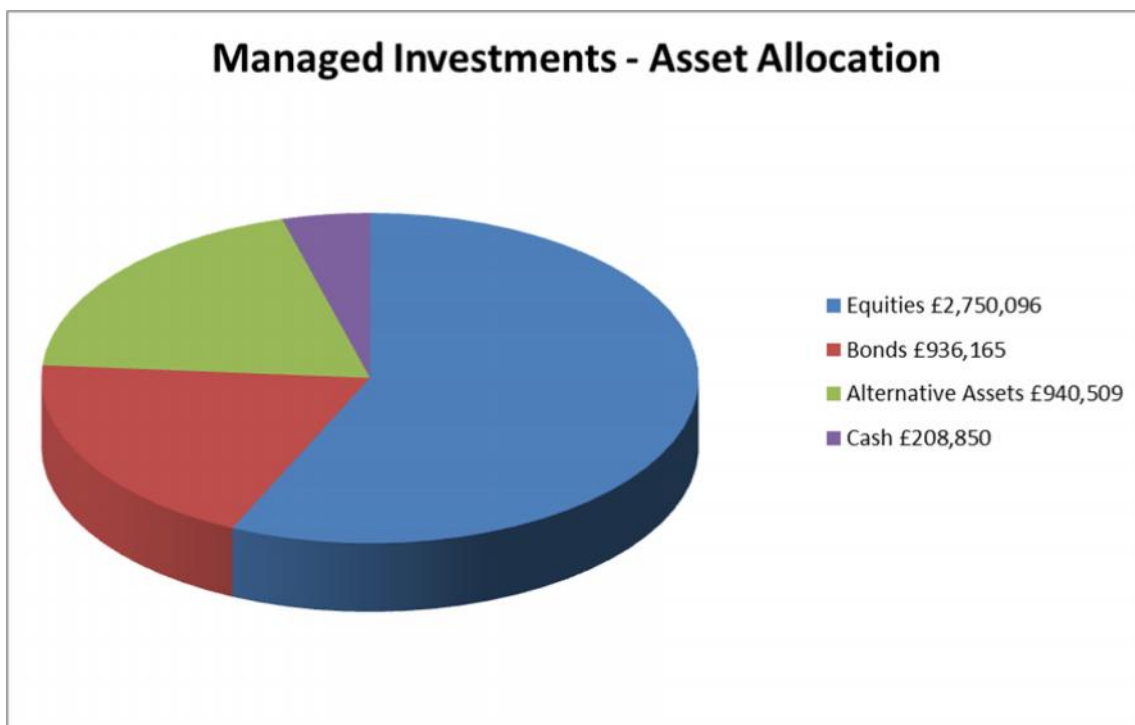


### **Investments**

The Corporate Trustee is empowered under the declaration of trust to invest funds in stocks and shares. Following a re-tendering exercise in February 2008 the Corporate Trustees re-appointed Barclays Wealth to provide continuing advice in respect of the management of investments. The Charities holdings are held in “nominee” company with Barclays Wealth.

The Charity has an ethical approach to investment and moderate risk appetite in the management of its funds.

The funds of the Charity were invested as follows at 31 March 2016:-





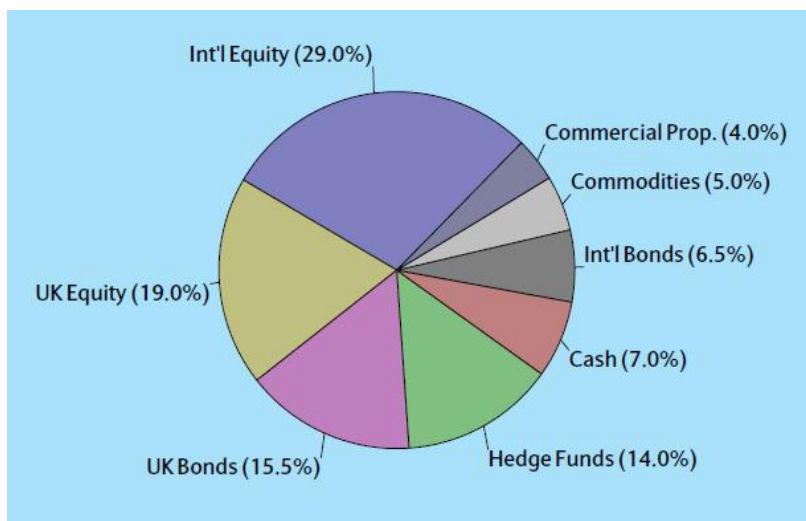
## **STATEMENT OF INVESTMENT POLICY**

The Corporate Trustee has approved the following statement of investment policy:

1. The Charity utilises professional investment advisers to support the active implementation of its investment policy and their performance is reviewed annually.
2. The Charity objectives for investment are:
  - 2.1 Maintaining and growing the capital value of its investments portfolio over time
  - 2.2 Generating income from its portfolio of investments
  - 2.3 A target income stream of £175,000 per annum, to be reviewed by the Corporate Trustee on at least an annual basis.
3. To achieve its objectives, in paragraph 2 above, the Charity shall, having taken into account the view of its brokers/advisers, maintain an appropriate balance in its investments portfolio between fixed interest investments and equities.

Portfolio target asset allocation ranges shall be set by the Corporate Trustee and reviewed, having taken into account the views of the investment advisors, on at least a biannual basis. The chart below depicts our current transitional portfolio and the expected portfolio:

The current portfolio is represented by the following investment categories:



4. The Charity's investment policy precludes the investment in companies with a significant interest in tobacco, alcohol or armaments.

The Corporate Trustee periodically reviews the way in which the portfolio is managed by the investment brokers with a view to exploring alternative options.

## **RESERVES**

The Charities SORP defines reserves as that part of a charity's income funds that is freely available to spend on any of the charity's purposes. This definition excludes restricted income funds which have particular restrictions on how the funds may be used and also certain unrestricted funds which have been designated or earmarked for future spending purposes.

The Charity has not adopted a Reserves Policy prior to the preparation of the 2015/16 Accounts. The policy for future reporting years will be drafted and agreed by the Trustees prior to the submission of 2016/17 Accounts.

### **Restricted Funds**

Individual fund managers are required to submit annual plans to the Corporate Trustee detailing how and on what the restricted funds are to be spent. The Corporate Trustee regularly monitors this spend against the available fund balance and takes appropriate action to ensure that funds are spent in a timely manner and in accordance with the donor's wishes.

### **Designated Funds**

The Charity encourages donors to make donations to the Charities general unrestricted funds rather than make donations for restricted purposes.

Where general donations are received on behalf of individual wards or departments of Sandwell and West Birmingham Hospitals NHS Trust, the Corporate Trustee has agreed to transfer the donations received to a fund designated for that particular ward or department. By their very nature these funds are generally held for the purposes of satisfying needs on a day to day basis rather than for long term projects. Internal controls inherent in the accounting system prevent the possibility of these funds spending in excess of the outstanding balance.

Individual fund managers for these ward and departmental designated funds are required to submit annual spending plans to the Corporate Trustee setting out how they intend to spend the balance on their fund on an annual basis.

Other designated funds may be created from time to time by the Corporate Trustee in order to fund specific charitable activities.

It should be noted that the designation of funds does not commit the funds legally. Such designation may be cancelled by the Corporate Trustee if it is later decided that the Charity should not proceed or continue with the use or purpose for which the funds were originally designated.

### **Level of Reserves**

The Charity's actual reserves at 31 March 2016 were £57,000 and are calculated as follows:-

Total Unrestricted Funds	£2,638,000
Less Designated Funds	(£2,581,000)
<b>Total Reserves</b>	<b>£57,000</b>

The low level of reserves reflects the planned expenditure of funds through the 2015-16 grant programme.

### **ACCOUNTING AND REPORTING RESPONSIBILITIES**

The Charities Act 2011 requires the Corporate Trustee to prepare accounts for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year. In preparing these accounts the Corporate Trustee is required to:

- apply accounting policies on a consistent basis;
- make judgements and estimates which are reasonable and prudent;
- follow applicable accounting standards and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), disclosing and explaining any material departures in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to assume that the Charity will continue in operation.

The Corporate Trustee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the accounts comply with charity law. The Corporate Trustee is also responsible for establishing and monitoring a system of internal control and establishing arrangements for the prevention and detection of fraud and corruption.

The Corporate Trustee confirms that they have met the responsibilities set out above and complied with the requirement for preparing the accounts on a going concern basis.

**SANDWELL AND WEST BIRMINGHAM HOSPITALS NHS TRUST CHARITIES**  
**OTHER LEGAL AND ADMINISTRATIVE DATA**

**INVESTMENT ADVISORS:**

Barclays Wealth  
(A subsidiary of Barclays Bank PLC)  
1 Colmore Square  
Birmingham  
B4 6ES

**BANKERS:**

National Westminster Bank PLC  
309 High Street  
West Bromwich  
West Midlands  
B70 8ND

**AUDITORS:**

KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

**SOLICITORS:**

Browne Jacobson LLP  
Victoria Square House  
Victoria Square  
Birmingham  
West Midlands  
B2 4BU

**BY ORDER OF THE CORPORATE TRUSTEE**

Dated:

**APPENDIX 2**

**SANDWELL AND WEST BIRMINGHAM HOSPITALS NHS TRUST CHARITIES**  
**ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**